

LYLE SCHOOL DISTRICT No. 406
Klickitat County, Washington
September 1, 1991 Through August 31, 1993

Schedule Of Findings

1. The District Should Monitor Associated Student Body (ASB) Activities And Ensure State Laws And The School Accounting Manual Are Followed.

Our audit of the district's Associated Student Body (ASB) operations revealed internal control weaknesses and a loss of funds. Many of these weaknesses were identified in our last audit and brought to the attention of the district's management.

During fiscal years 1992 and 1993, there was a shortage of approximately \$12,000 in soft drink vending machine revenue and student stores operations. This shortage was determined by comparing the amount of revenue recorded to the projected revenues based upon the retail price per unit sold. The following weaknesses contributed to these shortages:

- a. There was a failure to prepare and evaluate income statements for operations.
- b. Students were not properly supervised to remove and count proceeds.
- c. Cash collected from sales were not reconciled to the amount of inventory sold.
- d. Inventory counts were not completed and analyzed.
- e. Deliveries were not verified when received and inventory was not placed in a room with limited access.

Other ASB internal control weaknesses noted:

- a. Adequate cash receipting procedures have not been implemented:
 - (1) The mode of payment was not always indicated on the receipts.
 - (2) Deposits were not made in a timely manner.
 - (3) The ASB office did not count the money remitted and issue a receipt to the students.
- b. Disbursement activities:
 - (1) Vouchers were not authorized by the appropriate student body.
 - (2) Checking account disbursements were not properly authorized by the student body.

(3) Statutes and the district's travel expenses policy were not followed for accounting for meals, returning unused travel advances, and obtaining proper certification of expenses.

- c. Transfer vouchers were not adequately explained, supported by proper documentation and authorized by the appropriate student body.

RCW 43.09.200 states in part:

The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, or other persons.

The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction; all statements and reports made or required to be made, for the internal administration of the office to which they pertain

RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours.

Washington Administrative Code (WAC) Chapter 392-138-050 states in part:

All disbursements . . . shall have the prior approval of the appropriate governing body

Supporting documentation of the vouchers shall bear evidence of approval by the ASB governing body

The *Accounting Manual for Public School Districts in the State of Washington* provides guidance on performing ASB procedures. These procedures were not being followed by the ASB supervisors as required to adequately safeguard funds, increasing the risk that a loss could be incurred and not be detected by management in a timely manner.

We recommend that the district establish procedures and controls as outlined in the school accounting manual for ASB activities.

We also recommend that the district monitor ASB activities to ensure that controls are in place and review any discrepancies that are identified.

We further recommend that the district follow policies and statutes for travel expenses.